

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-10

COME-00 EB-07 LAB-04 SIL-01 TRSE-00 DOTE-00 /079 W
----- 054485

R 141642Z MAR 75
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 5912

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POUCHED TO ALL CONSULATES IN CANADA FOR INFO

E.O. 11652: N/A
TAGS: PGOV, EWWT, CA
SUBJ: CHARGES IN HAMILTON "HARBORGATE" SCANDAL
ADD TO GOC WOES

REF: OTTAWA 760

1. SUMMARY. CHARGES FOR CONSPIRACY TO DEFRAUD WERE LAID MARCH 12. AGAINST 12 MAJOR DREDGING FIRMS AND 14 BUSINESSMEN, SEVERAL OF WHOM HAVE CONNECTIONS WITH LIBERAL PARTY POLITICS NATIONALLY AND IN QUEBEC. SOLICITOR GENERAL ALLMAND ANNOUNCED INVESTIGATION CONTINUING, AND OTHER CHARGES LIKELY. PARLIAMENTARY OPPOSITION CALLING FOR PUBLIC INQUIRY INTO POSSIBLE "POLITICAL MISCONDUCT" IN ADDITION TO CRIMINAL PROCEEDINGS. THOUGH THERE NOT RPT NOT INDICATION GOC OFFICIALS IMPLICATED (INDEED, CANADIAN AND QUEBEC GOVERNMENTS WERE VICTIMS OF FRAUD), HAMILTON HARBOR SCANDAL ADDS TO GROWING LIST OF CABINET PROBLEMS. PRIMIN TRUDEAU'S ABSENCE IN EUROPE SEEKING ILL-DEFINED "CONTRACTUAL LINK" WITH EC DOES NOT HELP EITHER. END SUMMARY.

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2. CHARGES OF FRAUD (UP TO \$4 MILLION) INVOLVE

PRACTICALLY EVERY MAJOR DREDGING FIRM IN CANADA. IN RESPONSE TO PROGRESSIVE CONSERVATIVE (PC) QUESTIONS, TRANSPORT MIN MARCHAND SAID NATIONALIZATION OF INDUSTRY WORTH CONSIDERING. INDIVIDUALS CHARGED INCLUDE JEAN SIMARD, ONE OF QUEBEC PREMIER BOURASSA'S APPARENTLY UBIQUITOUS IN-LAWS, BRUNO DESJARDINS, FORMER LAW PARTNER OF QUEBEC JUSTIC MIN CHOQUETTE, AND HUGH MARTIN, FORMERLY LIBERAL PARTY CAMPAIGN CHAIRMAN IN BRITISH COLUMBIA. OTHER BOURASSA IN-LAWS REPORTEDLY HOLD SHARES IN ACCUSED COMPANIES.

3. IN STORMY COMMONS QUESTION PERIOD MARCH 12, OPPOSITION SOUGHT INFORMATION ON HOW AND WHEN INVESTIGATION WAS INITIATED, IMPLYING THERE MAY HAVE BEEN SOME DELIBERATE DELAY. (PAT NOWLAN, PC SHADOW CABINET SOLICITOR GENERAL, TOLD EMBOFF THERE IS EVIDENCE OF FRAUD GOING BACK SIX YEARS). PC AND NDP MEMBERS URGED ACTING PRIMIN SHARP TO AGREE TO INDEPENDENT INQUIRY INTO POSSIBLE POLITICAL MISCONDUCT OR ADMINISTRATIVE FAILURE. SHARP, PREDICTABLY, REFUSED.

4. COMMENT: "HARBORGATE" SCANDAL IS SERIOUS IN ITSELF, BUT IMPORTANCE MAGNIFIED BY SENSE OF CONFUSION AND DRIFT WHICH INCREASINGLY SEEM TO CHARACTERIZE CABINET. LABOR MIN MUNRO STILL ABSENT FROM COMMONS WITH NERVOUS FATIGUE AND HIS CONTINUATION IN CABINET STILL QUESTIONABLE. TRANSPORT MIN MARCHAND, ULTIMATELY RESPONSIBLE FOR KEEPING HARBORS OPEN, IS BEHAVING WITH MORE THAN HIS USUAL ECCENTRICITY. HAVING ADMITTED THAT CANADIAN TRANSPORTATION WAS A "MESS" HE RECENTLY ACCUSED HIS CRITICS OF "RACISM", ATTACKING HIM BECAUSE HE WAS FRENCH CANADIAN, AND WAS LATER FORCED TO APOLOGIZE TO OPPOSITION LEADER STANFIELD; ADDING TO HIS WOES, HE FACES COURT SUMMONS FOR ALLEGED HIT-AND-RUN DRIVING. AGRICULTURE MIN WHELAN STILL HAS EGG ON FACE AFTER DESTRUCTION OF SEVERAL MILLION EGGS LAST SUMMER. DEFENSE MIN RICHARDSON IS TRYING TO LIVE DOWN ALLEGED SLUR AGAINST NATIVE PEOPLES (OTTAWA 772). AND ALL THIS IS OCCURRING DURING PERIOD OF GROWING LABOR UNREST, INFLATIONARY STRIKE SETTLEMENTS, AND CONCERN

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ABOUT THE OVERALL STATE OF THE ECONOMY, WITH GENERAL ATMOSPHERE FURTHER DARKENED BY CLICHE COMMISSION REVELATION OF CORRUPT PRACTICES IN QUEBEC WHICH RUBBING OFF ON PROVINCIAL LIBERAL PARTY OFFICIALS.

5. IN SHORT, DESPITE ITS SOLID PARLIAMENTARY MAJORITY, TRUDEAU GOVERNMENT HAS BEEN PUT AND KEPT ON DEFENSIVE. LIBERAL FLOOR LEADER SHARP HAS BEEN CLUMSY AND UNSUCCESSFUL

IN MANEUVERING UNIMAGINATIVE LEGISLATIVE PACKAGE THROUGH PARLIAMENT. TRUDEAU'S CURRENT EUROPEAN VENTURE, WHICH HAS INCLUDED SOME MUCH-PUBLICIZED SKIING BUT LITTLE OF PRACTICAL BENEFIT TO CANADA, MAY LEAVE HIM FURTHER VULNERABLE TO CRITICISMS FOR SWINGING WHILE CANADA BURNS. APPARENT SHORTCOMINGS IN POLITICAL LEADERSHIP ARE HEIGHTENING CANADIAN CONCERNS ABOUT HARD MONTHS AHEAD. PORTER

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTIGATIONS, FRAUDS, DREDGING, BUSINESS FIRMS, PORT FACILITIES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAR 1975
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OTTAWA00962
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750091-0038
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750350/aaaabsla.tel
Line Count: 122
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 OTTAWA 760
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 06 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 MAY 2003 by ElyME>; APPROVED <19 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHARGES IN HAMILTON "HARBORGATE" SCANDAL ADD TO GOC WOES
TAGS: PGOV, EWWT, CA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006